



The Basics

## Insurers keep a secret history of your home

A huge database not only tracks claims, it also looks for risks -- which could cause dropped coverage and other nightmares for homeowners.

By [Liz Pulliam Weston](#)

You probably know that it's not a good idea to make too many claims on your homeowners insurance policy because your insurer could drop you.

What you might not know is that making a claim could make selling your home more difficult down the road. What's more, you could find your home's value damaged or a sale jeopardized even if a previous owner, and not you, made a claim.

Insurers increasingly are using a huge industry database, called the Comprehensive Loss Underwriting Exchange or CLUE, to drop or deny coverage based on a home's history of claims or damage reports.

Insurance companies are terrified of rising losses from water and mold damage. So a single report of water-related problems may be enough for insurers to shun your home.

Jan and Kevin Garder of Bremerton, Wash., discovered this the hard way. The Garders thought they were doing the right thing when they told their insurance company, State Farm, about some minor water damage caused by a rainstorm last year.

### Consumers held hostage

The couple, who say they had been with their insurer for 30 years without filing a claim, ultimately decided not to file one this time, either.

That didn't stop State Farm from dropping them as customers, they say. Not only that, but they say State Farm also shared the damage information with the CLUE database. When the Garders applied for coverage elsewhere, the other insurers cited State Farm's damage report as the reason they wouldn't write a policy, Jan Garder said.

"Until then, we didn't know anything about the CLUE database," she said. "We really didn't have a clue."

State Farm declined to comment on the Garders' case, citing privacy concerns. Spokeswoman Lisa Wang said the insurer shares only claims information with CLUE, not damage reports.

But the company that operates CLUE, [ChoicePoint](#) of Alpharetta, Ga., said that the database collects damage reports as well as claims. The information stays in the database for up to five years, said James Lee, ChoicePoint's chief marketing officer.

The Garders say they finally secured bare-bones fire coverage for about \$1,000 a year, more than three times what they paid previously for full homeowners coverage.

What's more, the problem is derailing their plans to sell their home. The Garders say they have been told by their real estate agent and others that they may have a tough time getting a good price for a home that's already been rejected by many insurers.

"You are totally blackballed," said Jan Garder, 49. "They should not be able to hold a consumer hostage like this."

### Insurance companies get aggressive

In previous years, insurers used the CLUE database in large part to watch for fraud and for consumers who had a history of filing numerous claims.

After losing billions of dollars on homeowners insurance in recent years, however, insurance companies have become more aggressive about screening for other risks -- including damaged homes that could spawn future claims.

